

## Message Text

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ACTION EB-07

INFO OCT-01 IO-10 ISO-00 ARA-06 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

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FM USMISSION GENEVA

TO SECSTATE WASHDC 1841

INFO AMEMBASSY LIMA

C O N F I D E N T I A L GENEVA 2317

E.O. 11652: GDS

TAGS: GATT, ETRD, PE

SUBJECT: PERU: BOP REVIEW AND GATT MEMBERSHIP

REF: LIMA 2532

1. WITH RESPECT QUESTIONS RAISED IN REFTEL ABOUT PERU'S CONTINUED MEMBERSHIP IN GATT AND THEIR WILLINGNESS CONSULT UNDER BOP PROCEDURES, BELIEVE FOLLOWING POINTS WOULD BE USEFUL IN ANY DISCUSSIONS WITH PERUVIAN OFFICIALS--PARTICULARLY WHEN POSSIBILITY OF LEAVING GATT IS RAISED.

2. IN FACT MANY STATE-TRADING COUNTRIES ARE MEMBERS OF

GATT, AND THERE IS TREND TOWARD WIDER MEMBERSHIP. LIST INCULDES CZECHOSLOVAKIA, POLAND, YUGOSLAVIA, EGYPT. ROMANIA JOINED IN 1972 AND HUNGARY IN 1973. LDC GATT MEMBERSHIP IS NOW MORE THAN SEVENTY, WITH MORE COUNTRIES ACCEDING RECENTLY. LATTER INCLUDE EGYPT (1970), ZAIRE (1971), SINGAPORE (1973), PHILIPPINES (1973). WORKING PARTIES ARE  
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UNDER WAY IN 1975 FOR ACCESSION OF TWO NEW LATIN AMERICAN COUNTRIES: COLOMBIA AND PARAGUAY.

3. WOULD RECOMMEND QUIET REFERENCE TO THESE TRENDS, CITING THESE SPECIFIC EXAMPLES WHEN DISCUSSING GATT MEMBERSHIP AND OBLIGATIONS WITH PERUVIAN OFFICIALS. IT IS OUR IMPRESSION THAT MEMBERSHIP IN RESPECTED INTERNATIONAL ORGANIZATIONS IS OF INTERNAL POLITICAL IMPORTANCE TO MANY REGIMES. ANOTHER ARGUMENT AGAINST PERU'S GETTING OUT--ALTHOUGH WE HAVE SOME DOUBT WHETHER IT IS WISE FOR US TO CITE THE EXAMPLE--IS THAT EVEN CUBA HAS REMAINED IN GATT THROUGH THE YEARS.

4. WHEN CITING GATT MEMBERSHIP TRENDS, DO NOT SUGGEST STATE-TRADING COUNTRY ANGLE BE OVERSTRESSED BY U.S., AS WE WOULD NOT WISH GIVE PERUVIANS ANY FURTHER SHOVE IN THAT DIRECTION THAN THEY MAY ALREADY BE GENERATING ON THEIR OWN. HOWEVER, SINCE GUILLEN RAISED THIS CONSIDERATION

AS POSSIBLE OBSTACLE (REFTEL), SOME MENTION MIGHT HELP

PERU FEEL IT HAS PLACE IN GATT WHATEVER ITS TRADING REGIME.

5. EMBASSY LIMA MAY ALSO WISH NOTE TO PERUVIAN AUTHORITIES THAT GATT

BOP COMMITTEE MEMBERSHIP, IN ADDITION TO U.S., EC, JAPAN, CANADA,

SWEDEN, FINLAND, AUSTRALIA, INCLUDES

A STATE-TRADING COUNTRY (HUNGARY) AND SEVERAL LDCS: INDIA, BRAZIL, GHANA, URUGUAY. ALSO REMINDED THAT PART IV OF GATT PROVIDES SPECIAL DIFFERENTIAL TREATMENT FOR LDCS IN A NUMBER OF AREAS MIGHT BE USEFUL IN BRINGING PERU INTO CONSULTATION; IN PAST BOP SESSIONS LDCS HAVE NOT BEEN REQUIRED MAINTAIN SAME STRINGENT STANDARDS FOR CONFIDENTIAL

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JUSTIFYING IMPORT RESTRICTIONS AS DCS.

6. RE PARA 3 OF REFTTEL, IT SHOULD BE NOTED THAT GATT SECRETARIAT DID NOT "SEEK" WAIVER ON TARIFF BINDINGS QUESTION. RATHER, IT WAS ONLY A CONSTRUCTIVE INFORMAL SUGGESTION WHICH SECRETARIAT FELT PERU MAY WISH CONSIDER AS MEANS OF SIMPLIFYING OWN TASK IN BOP EXAMINATION.

ULTIMATELY, PERU WOULD HAVE TO BE THE ONE TO SEEK THE  
WAIVER.

7. OUR FEELING IS THAT IT BEST FOR VIABILITY OF GATT  
THAT NO SPECIAL PLEA BE MADE TO KEEP COUNTRIES IN THE  
ORGANIZATION THAT DO NOT WISH AT LEAST MAKE SOME GESTURE  
TOWARD COMPLYING WITH ITS PROVISIONS. GIVEN CURRENT  
STRAINS ON WORLD TRADE AND PAYMENTS SYSTEM, HOWEVER, WE  
DO SEE MERIT IN NOT ACTUALLY PRECIPITATING WITHDRAWALS  
FROM GATT. TOO, WE WOULD ASSUME PERU'S LONG-RUN POLITICO-  
ECONOMIC DIRECTION IS OPEN QUESTION; WE MAY NOT WANT TO  
ENCOURAGE PERU TO CLOSE DOOR WHICH IT MIGHT LATER WISH HAD BEEN LEFT

AJAR. THEREFORE, SUGGEST THAT TALKS WITH  
GUILLEN AND COMMERCE MINISTRY REFER TO PERU'S OWN EXPORT  
INTEREST IN STABILITY AND OPENNESS OF WORLD TRADING SYSTEM  
AND REMIND THEM THAT PERU'S CONTINUED PARTICIPATION IN  
GATT GIVES THEM FORUM FOR PRESSING THEIR INTERESTS.  
WE SUGGEST DISCUSSIONS INCLUDE REFERENCE TO GATT  
MEMBERSHIP TRENDS GIVEN ABOVE. FOR THE MOMENT THIS  
WOULD KEEP SOME PRESSURE ON WITHOUT GETTING US TOO FAR

OUT IN FRONT, AS BAND-  
WAGON EFFECT HAS APPEAL OF ITS OWN.DALE

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